



Independent Communications Authority of South Africa
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**MULTISOURCE TELECOMS (PTY) LTD
COMPLIANCE REPORT 2011-2012**

1. INTRODUCTION

The following report is intended to give an account of Multisource Telecoms (Pty) Ltd's ("Multisource") compliance for the 2011/2012 financial year. Multisource is required to comply with the Electronic Communications Act 36 of 2005 ("the Act"), applicable regulations and licence terms and conditions.

2. BACKGROUND

On 16 January 2009, the Authority issued Multisource with the following converted Licences:

- Individual Electronic Communications Network Services (I-ECNS) Licence with licence number 0035/IECS/JAN/09; and
- Individual Electronic Communications Services (I-ECS) Licence with licence number 0035/IECNS/JAN/09.

This Annual Compliance Report assesses Multisource's compliance with its licence terms and conditions, the General Licence Fees Regulations ("ALF"), the Universal Service and Access Fund, and Form 1 Standard Terms and Conditions. Multisource Telecoms financial year end is **29 February**.

Below is an analysis of compliance with the abovementioned regulations.

3. DISCUSSION

3.1. COMPLIANCE PROCEDURE MANUAL REGULATIONS, 2011; FORM 1 STANDARD TERMS AND CONDITIONS FOR ECS, ECNS AND BS

The Compliance Procedure Manual Regulations; which contains Form 1 "Standard Terms and Conditions for ECS, ECNS and BS" were published on 15 December 2011.

The purpose of these Regulations is to assist the Authority to proactively monitor compliance and to ensure that information is obtained in a consistent format.

These Regulations apply to all licensees issued with a licence in terms of chapter 3 and 9 of the Act and in terms of the Postal Services Act, 1998 (Act 124 of 1998).

General Licence Information

3.1.1 Organisation Status- subsequent to being granted the above mentioned licences Multisource commenced operations on 15 January 2009 and is based in Midrand.

3.1.2 Ownership- Multisource is locally owned. In terms of its shareholding 39.6 % of the company is owned by historically disadvantaged individuals.

3.1.3 Shareholding- Multisource has four (4) shareholders all of whom are South Africans. The shareholders are: Sasfin MDM Private Equity Fund which holds 57.5%, JHL Myers which holds 2.9%, Kgato Investment which holds 14% and MRLK Investment which holds 25.6%.

3.1.4 Staff- Multisource has 35 staff members. All their staff members are South African citizens. The technical department is dominated by five (5) male members composed as follows three (3) Whites, one (1) Indian and one (1) African. Management is composed of six (6) members, 83% Whites and 17% Indians.

3.2 LICENCE TERMS AND CONDITIONS

Licence Requirement – Paragraph 2 of the Schedule to the issued Licences' requires *"the licensee to provide national coverage of its electronic communications network services."*

3.2.1 Network Coverage

Multisource provides coverage to their wholesale customers in Gauteng, Free State, Western Cape, Eastern Cape and KwaZulu Natal.

3.2.2 Network Type / Infrastructure

Multisource network predominantly utilises wireless services and further utilise supplies wireless, fixed or fibre networks from other supplies.

3.2.3 Services offered

Multisource offers both voice and data services.

3.3. GENERAL LICENSE FEES REGULATIONS, 2009

The General Licence Fees Regulations came into operation on the date of publication, being 01 April 2009.

3.3.1. Regulatory Requirements – Regulation 5: provides that *“Payments in respect of annual licence fees are due as prescribed in schedule 3.”*

3.3.2. Regulatory Requirements – Schedule 3 of Regulation 1 (4): states: *“In respect of Annual Payments, such:*
(a) are due annually based on the licensee’s financial year;
(b) are due and payable within 6 months from the end of the licensee’s financial year end.”

Compliance Assessment

01 March 2011 to 29 February 2012

Multisource did not make a payment in respect of the annual licence fees which were due and payable by 31 August 2012. Multisource Telecoms claims, non-liability for annual licence fees payment on the basis that it has not generated any profit from its licensed services for the year ending 29 February 2012. Multisource Telecoms submitted its Audited Annual Financial Statements.

3.4. UNIVERSAL SERVICES AND ACCESS FUND REGULATIONS, 2011

The USAF Regulations were published on 10 February 2011 and came into operation on the same date.

3.4.1. Regulatory Requirements - Regulation 3 (1): requires *“Every holder of a licence granted in terms of Chapter 3, 4 and/or 9 or converted in terms of Chapter 15 of the Act, must pay an annual contribution of 0.2% of its Annual Turnover to the Fund”.*

3.4.2. Regulatory Requirements - Regulation 4(2): provides that *“Payments in respect of contributions to the Fund:*
(a) are due annually based on the licensee’s financial year;
(b) are payable within 6 months from the end of the licensee’s financial year end.

Compliance Assessment

01 March 2011 to 29 February 2012

Multisource has complied with this Regulation, in that Multisource made payment within 6 months after Multisource financial year end as per regulatory requirements.

4 CONCLUSION AND SUMMARY OF PERFORMANCE

4.1 COMPLIANCE PROCEDURE MANUAL REGULATIONS, 2011; FORM 1 STANDARD TERMS AND CONDITIONS FOR ECS, ECNS

Multisource has submitted the required information as requested.

4.2 General Licence Fees Regulations, 2009

Multisource has complied with the Licence Fees Regulations.

4.3 Universal Service and Access Fund Regulations, 2008

Multisource has complied with the Universal Service and Access Fund Regulations.